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Ukraine

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Export Duties on Wheat and Corn Canceled in Ukraine

Report Categories:

Trade Policy Monitoring

Agriculture in the News

Grain and Feed

Oilseeds and Products

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Report Highlights:

Export duties on wheat and corn in Ukraine are lifted starting October 22, 2011 according to the latest amendments to the legislation that was voted by the Parliament of Ukraine and signed by the President. Barley exports are to remain under the previously approved export duty schedule until January 2012. Exports of grains are expected to increase in the next months.

General Information:

According to official Government of Ukraine (GOU) publications on the latest amendments to the Ukrainian Tax Code, export duties on wheat and corn will be lifted starting October 22, 2011. The Verkhovna Rada (the Parliament) of Ukraine voted for the cancelation of these duties on October 7, 2011 and the President recently approved and signed this legislation (see attachments). However, the export duty on barley (HS Code 10030090) at the rate of 14 percent per Metric Ton (MT) but not less than 23 EUR will remain in place until January 2012.

While there were a number of draft laws considered that proposed various export duty schedules and rates for various grains, oilseeds, and sunflower oil, as of this report writing no other additional duties were imposed on exports of other grains or oilseeds.

According to the Ministry of Agrarian Policy of Ukraine (MinAg), Ukraine produced sufficient quantities of the major grains and oilseeds and has significant exportable surplus. The Minister anticipates export activity to increase in the next few months. He also stated that with the cancelation of export duties on wheat and corn Ukrainian producers will be able to receive better profits from selling their crop, a significant portion of which would be exported. The Ministry projects the exports of major grains combined in this Marketing Year (MY2011/12) to reach 25-27 Million Metric Tons (MMT).

Domestic prices on major grains and oilseeds could increase in the near future due to an increase in export activity. Traders will first focus on wheat exports, as they have built some stocks waiting for clarification on tariff policy, and will need to clear out storage space to take in an expected large corn crop now being harvested. At the same time the domestic market prices on agricultural commodities are anticipated to start correlating better with the world market prices. Total monthly exports may still be conditioned on the export capacity of Ukrainian sea ports, which reaches about three MMT per month. Some exports will still be conducted via railroad, mostly to the Baltic region and other nearby destinations.